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Critics rap plan to sell off key minerals

By Iris J. Portny
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Reagan administration officials and congressional critics squared off yesterday over an administration plan to sell strategic materials from a national defense stockpile to help balance the budget.

The stockpile is a \$10 billion collection of critical minerals and other commodities — such as silver, chromium, cobalt, manganese, platinum and industrial diamonds — kept to support key U.S. industrial needs if the United States gets involved in a long war.

The administration proposed last July to add more than \$3 billion to the U.S. Treasury over the next five years by selling off some of the commodities, which are now kept in depots across the country managed by the Federal Emergency Management Agency.

But congressional critics say the plan will hamper U.S. defense readiness.

"The administration's stockpile plans appear inconsistent with our stated military doctrine — military forces capable of fighting across the entire spectrum of potential conflict," said Rep. Charles Bennett, Florida Democrat and chairman of the House Armed Services subcommittee responsible for overseeing the defense stockpile.

"If we cannot sustain conventional conflict, a nuclear war becomes more likely — a war no one can win," Mr. Bennett told the Senate subcommittee on preparedness at a hearing on the issue.

The national defense stockpile has been stored by the government at widely varying levels since its creation in 1939. Commodity shortages of imported items, such as tin and rubber, are regarded by defense experts as having hampered the U.S. war effort during World War II and the Korean War.

Mr. Bennett and Sen. James McClure, Idaho Republican, the two leading critics of the administration's stockpile proposal, joined representatives from 12 executive branch agencies in testifying at the hearing.

Mr. Bennett and Mr. McClure announced yesterday that they will introduce legislation that would make

the executive branch more dependent on congressional approval for its authority to sell items from the national defense stockpile.

The legislation, to be added to the defense authorization bill on which both the House and Senate armed services committees will soon vote, would also remove authority for managing the stockpile from the director of the Federal Emergency Management Agency.

The FEMA director now sets

stockpile policy guidelines with the advice of 12 executive branch agencies, including the CIA and the departments of Commerce, Interior, State and Defense, which work as a committee. Under the proposed legislation, those agencies would advise the secretary of defense, who would assume responsibility for stockpile policy.

Public debate of the White House proposal to sell off stockpiled commodities has been hampered by an executive branch decision to keep classified most of the documents that led to Mr. Reagan's decision last year.

Bernard Maguire, assistant director of FEMA, said at yesterday's hearing that "this proposal came after two years of interagency study and thousands of hours of review." He referred to an 800-page report which had been produced before the 1985 stockpile decision but agreed, when questioned, that no statement was ever released regarding the content of the massive, classified study. He refused to comment on what it said.

The General Accounting Office, at Mr. Bennett's request, is reviewing the interagency study, which was done at the direction of the National Security Council. "Unfortunately, GAO is having difficulty in obtaining the cooperation of federal agencies

involved in the study," Mr. Bennett said.

The White House announced the plan on July 8, 1985, was quickly barred by Congress from implementing it until October 1, 1986, and is now trying to convince the House and Senate armed services committees to include authority to proceed with its plan in the 1987 defense authorization bill the two committees are now considering.

The Reagan administration proposal consists of four parts:

- The immediate reduction of 1979 stockpile acquisition goals from \$16.3 billion to \$5.4 billion, as measured in March 1986 prices. The commodities were valued at \$6.7 billion when the plan was announced in July 1985.

- The sale, over a five-year period, of \$2.5 billion of the estimated \$3.2 billion surplus of commodities now in the national stockpile.

- The establishment of a double "tier" system of identifying stockpile items. Tier I would include \$600 million (originally valued in 1985 at \$700 million) of priority commodities "not available in sufficient quantities from domestic or reliable foreign sources." Tier II would be a \$4.8 billion (originally \$6 billion) "supplemental reserve."

- The release of \$870 million now kept in the National Defense

Stockpile Transaction Fund to help reduce the federal deficit and to buy new commodities.

"Congressional oversight will help to eliminate the use of the national defense stockpile for budgetary purposes," Mr. McClure has argued.

Political considerations, not budget pressures, are the persistent spoiler of stockpile management, according to a former official who participated in the 1979 Carter administration review of defense stockpile needs.

"Every item on the stockpile list represents a problem with a specific solution that doesn't call for stockpiling," said the former official, who requested anonymity. "For example, platinum is stockpiled. If, during an emergency, you recycle all the catalytic converters carried by American automobiles, you'll have more than enough platinum for defense production needs.

"The idea that you're going to buy or sell things ought to be in the public domain," said Mr. Bennett.

"Congress now authorizes the number and kinds of airplanes, tanks, artillery tubes and warships. Why [not also] the strategic and critical materials needed by our industry to support our conventional fighting forces?" he asked.

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NATIONAL DEFENSE STOCKPILE

Inventories and acquisition goals for the 62 strategic commodities — such as bauxite, cobalt, silver, manganese, platinum, chromium, titanium, tungsten, industrial diamonds, graphite, copper, and tin — now needed for wartime defense production have, since 1939, jumped up and down. They have never matched. (Figures in billions of 1985 dollars.)

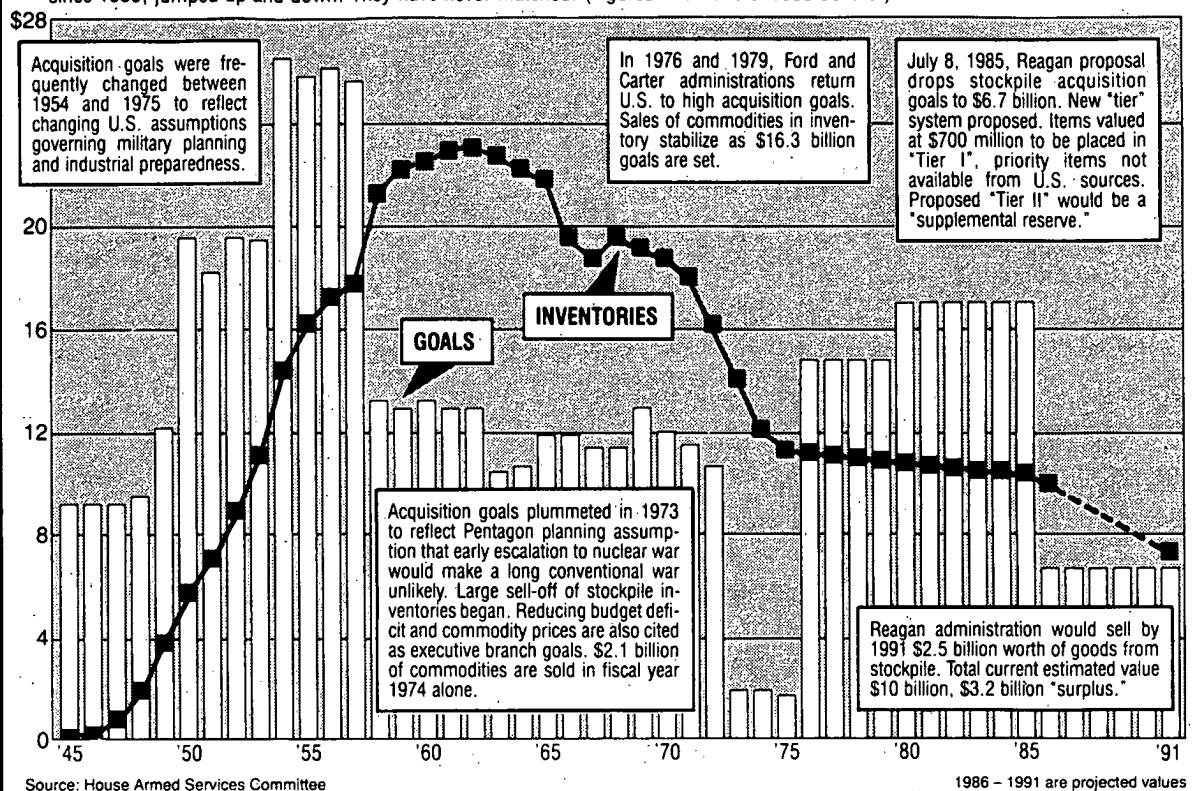


Chart by Paul Woodward / The Washington Times